

Statement by

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To a

Joint Hearing

Of the

House Government Reform Committee

Subcommittee on Government Efficiency

and the

House Rules Committee

Subcommittee on Legislative and Budget Process

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Chairman Horn, Chairwoman Pryce, I thank you for the opportunity to appear at this hearing on “Linking Program Funding to Performance Results.” My name is Mortimer L. Downey, and I am appearing as an individual and as a former Administration official. For the record, I am a consultant with pbConsult, Inc; I am the current Chairman of the Board for the National Academy of Public Administration; and I am serving as Chairman of the OMB’s Performance Measurement Advisory Council. My testimony is not on behalf of any of those institutions.

It is my understanding that your hearing was sparked by interest in the Bush Administration’s initiative to link budgeting and performance management more closely together. I have been observing that effort as well, with great interest, and I believe that it is an important step forward in the area of performance management. During my eight years at the Department of Transportation, we moved ahead in this area, and I believe the results were positive for the Department and for the public that it serves. Greater attention to the linkage with resources will put a sense of even greater reality to the area of performance management.

Let me describe briefly what we did at DOT and how I believe the new emphasis created by President Bush’s management agenda will make it work even better. In DOT, we seized the opportunities created by the Government Performance and Results Act and used them to enhance Departmental management. DOT agencies volunteered to

participate in the pre-implementation test period. With department-wide participation, we developed, and later enhanced, a strategic plan. This was a vital step in managing what can be thought of as a “holding company” in a way that emphasizes common goals and common interests. The departmental goals of safety, mobility, economic growth, environmental progress and national security are widely understood within the department. Every manager and employee understands their importance to the department’s leadership and its constituencies.

The departmental goals were given a much greater sense of reality through the development of annual performance plans, and subsequent performance reports, that created consistent and transparent measures against which the department’s progress can be gauged. These measures, as called for in GPRA, are aimed at identified outcomes and are measurable and reportable with reasonably available data. To assure the transparency of the process, both the Inspector General and the Director of the Bureau of Transportation Statistics have been involved in verifying, and, where necessary, improving the measurement process. It’s often said that what gets measured is what gets managed and I believe that we set in place a framework in which we measure the right things and manage to achieve them. The fact that Secretary Mineta and his team have adopted the same goals and measures suggests to me that we got them reasonably right.

Within the department, resource availability is recognized as a clear part of the process. Outcome targets—monitored through performance contracts between the Secretary and

his administrators—were balanced to reflect resources, including adjustments to the targets to reflect Administration and Congressional changes in funding—up or down.

This is an area in which the new initiative will bring improvement. The linkage between performance and resources can be recognized within a department, but it can be far more effective in a context where OMB participates on the same basis and where the performance of all departments is held to a common standard of rigorous analysis. If this treatment of resource allocation can also influence Congressional action, so much the better.

The steps taken thus far by OMB in developing and implementing a Performance Assessment Rating Tool are a good start in the creation of a uniform and consistent process to link performance and resources. Their willingness to publish the results and the rationale is also a major step forward. Rigorous assessment of results achieved and management progress should be important determinants of resource allocation. The OMB Director points out that they are not the only factors that will affect his recommendations to the President and the ultimate submissions to the Congress. Issues of equity, matters of political philosophy regarding the role of government, problems of resource scarcity, and the like will also enter into the process. But when the decisions are made, they will be measurable against the results of a relatively open assessment.

In that context, it will be harder for a President to under fund programs that are effective

and well managed when they don't meet his or her political criteria, and vice versa. The grounds for judgment over the Administration's budget recommendations will, I believe, be more clearly definable than in the past and I hope that this will better inform the process of Congressional and public debate as the authorizing and appropriations legislation that implements the budget moves forward each year.

I think we need to recognize that this process, like any new management effort, will not be perfect. Indeed, the Administration recognizes—and I agree—that this is a hard thing to get right. They have reached out in a number of directions in order to make it work well, including establishing the Advisory Council on which I serve and involving experts both within and outside the government as particular program assessments have been undertaken. The implementation process they have set is an incremental one, with the goal of moving over five years into full use of program assessments, with modifications to the process based on experience. I take this as an indicator of commitment to doing the job right.

What, then, are the risks to be considered? I think the largest risk is that this initiative, like so many of its predecessors, disappears as its supporters move out of office. We all are familiar with earlier “reforms” that have dropped out of the picture even though in some ways they still influence our thinking—PPBS, MBO, ZBB, Program Evaluation, NPR—to mention a few. If you believe that the emphasis on performance is something that should not drop away, you may be able to do something about it. One reason, I

believe, that GPRA was a success—at least in my department—was the fact that it is a statutory process. Investing in the infrastructure and learning process to do it well could, we thought, be amortized over a much longer time than the typical four-year term of its predecessors. The Results Act does imply a connection to the budget process, but it is more in terms of the timing of submissions than in terms of their content and their linkage to the resource allocation process. I recognize the issues of jurisdiction and tradition that you must face. On the other hand, as one who worked on the Hill during the startup of the Budget process, I believe that change can occur. Anything your committees can do to give more emphasis to the resource/performance connection will work for the benefit of those for whom performance and results are the bottom line—our taxpayers and constituents.